

-----Original Message-----

From: Candence McCuen [mailto:cmccuen@Genuity.com]
Sent: Thursday, June 08, 2000 8:15 PM
To: peter.plaut@telops.gte.com
Cc: bruce.brafman@hq.gte.com; leonard.suchyta@hq.gte.com;
sgalebac@genuity.com
Subject: RE: SOWS Transition Services Agreement

Enclosed are the SOWs under the Transition Services Agreement. We have revised them as follows: (1) Accounting and Cash Processing Services - changed introductory paragraph to refer to a term of eight months after the Effective Date. Please note that the SOW is silent as to renewal. We did not add a statement that the SOW could not be renewed so as to give the ability to renew for the remainder of the term of the Transition Services Agreement if desired; (2) Human Resources - (a) under summary, added a statement that GTE shall have no role in hiring or terminating Genuity employees, (b) made numerous changes to pare down this SOW, as marked. Please note that this SOW has been agreed to between Genuity HR and Legal. Also, please note that we did not make a statement that this SOW would not be renewed so as to give the ability to renew for the remainder of the Term of the Transition Services Agreement if desired; (3) Real Estate Related Services - (a) revised second sentence of introductory paragraph to provide for a term of 3 months rather than one year. Please note that we did not make a statement that this SOW would not be renewed so as to give the ability to renew for the remainder of the Term of the Transition Services Agreement if desired; (4) Billing Services - (a) Changed the second introductory paragraph to provide for a 1 year with no renewal.

<< File: sow acctgcashmgt 6-8-00.doc >> << File: SOW Human Resources Services 6-8.doc >> << File: SOW Real Estate Services 6-8-00.doc >> << File: b&c 6-8-00.doc >>

Candence L. McCuen
Counsel
Genuity Inc.
cmccuen@genuity.com
(781) 262-3189 (T)
(781) 262-4481 (F)

STATEMENT OF WORK

ACCOUNTING AND CASH PROCESSING SERVICES

This Statement of Work is appended to the Transition Services Agreement ("Agreement") dated _____ by and between Genuity Solutions Inc. and GTE Service Corporation and shall be governed by the terms and conditions thereof. The services described herein shall be provided for a period of eight (8) consecutive months after the Effective Date of the Transition Services Agreement.

The purpose of this SOW is to provide for the transition of a variety of accounting related services, since Genuity will not initially have in place the infrastructure necessary to perform the services. The services as described in this SOW relate to accounts payable, payroll, cash processing, and asset accounting. Genuity desires to retain GTE to provide these services during a transitional period while Genuity prepares itself to handle these services independently of GTE.

Genuity understands and acknowledges that GTE plans to fulfill its obligations hereunder utilizing the systems ("Systems") set out in the attached Exhibit A to this Statement of Work, and agrees not to change its systems such that its systems become incompatible with such Systems as long as this Statement of Work is effective.

ACCOUNTS PAYABLE SERVICES

As requested, and at the discretion of Genuity, GTE will provide the following Accounts Payable services:

1. Perform all invoice and expense report processing for Genuity.
 - Invoices for purchase order related items are mailed directly to Accounts Payable Shared Services Center ("AP/SSC") from the vendor.
 - Expense reports and miscellaneous purchases are input into the system by the originator, then approved by the appropriate supervisor/manager and mailed to the AP/SSC.
 - Expense reports are electronically processed, from submission to notification.
 - Genuity electronic files are transmitted by Genuity and uploaded into system by accounts payable ("A/P").
2. Work with Genuity purchasing group as required on issues related to payment of purchase order related invoices, including resolution of invoices that do not meet existing criteria for payment.

3. Print and distribute all checks for Genuity vendors nightly.
 - Maintain appropriate level of security for the equipment and check stock.
4. Perform vendor maintenance function to add new vendors and/or employees to the vendor file or change address information as needed. Mail out W-9 forms to all new vendors to obtain vendor's tax identification.
5. Prepare 1099 forms at year-end.
6. Administer field checking accounts for checks written at field locations.
 - Maintain log of authorized check locations and signature file for each account.
 - Print blank check stock and supplies to check locations when requested.
7. Perform general ledger account reconciliations and bank reconciliations.
8. Perform stop payment requests and provide status of checks as requested. Deposit vendor checks, refunds, returned checks, and other checks directly to the Genuity bank account and perform accounting accordingly.
9. Establish and maintain recurring payments for leased property and other recurring items.
10. Coordinate requirements for bank wire transfer payments in both foreign currency and US. Payments in foreign currency are coordinated with treasury department, which determines the exchange rate and provides the amount back to A/P in US dollars to journalize the transaction.
11. All Genuity vouchers exceeding \$150,000 will be reviewed prior to payment for compliance with Genuity payment policies and procedures. In addition, a post processing sample audit of approximately 8% of employee expense reports and 2% of other vouchers will be reviewed for compliance with Genuity's policies and procedures.
12. Perform Electronic Funds Transfer ("EFT") for vendors and direct deposit for reimbursement of employee expense reports.
13. Retain expense detail data as required by law that supports all required tax and regulatory obligations.
14. Provide A/P payment services for international vendors.
 - Foreign currency payment process
 - General Ledger Accounting
15. Cash management of payment cycles (i.e. vendor terms and year-end payment processing) as determined by Genuity.
16. Process A/P adjustment forms for Prism related data changes.
17. Provide ad-hoc vendor reporting.

18. Provide Genuity representatives electronic access to A/P scanned records.
19. Provide state and use tax accruals set up and processing.

GTE will provide the following metrics to Genuity relating to accounts payable services:

1. Invoice and expense report volumes.
 - Provide monthly invoice and expense report volumes within 5 days following monthly expense cutoff.
2. Average days to process invoice and expense reports through the standard and PME (procurement, match and error) queues.
 - Until mechanical tracking is available, approximately 25 Genuity invoices/expense reports per week will be sampled to determine the average processing time. This information will be provided monthly within 5 days following expense cutoff. Mechanical tracking capability has been requested, and once functionality is available, will track processing time for all invoices and expense reports.
3. Processing and response times on electronic feeds.
 - A schedule will be developed (by A/P and system team) that will be provided to Genuity each day and a cumulative monthly summary showing files sent into The system by Genuity (including the date and timing of the transmission) and the date and times these files were actually processed into The system. Genuity will be required to notify both A/P and system processing each day of the number and kinds of files sent to verify that all files sent were actually received. This process is planned to be in place by May 1, 2000.
4. General Ledger account reconciliations shall be prepared monthly by the 15th day of the second month following month end. (i.e. by August 15 for the month of June.)

Genuity's Responsibilities with respect to Accounts Payable Services:

Genuity shall provide all information/instructions regarding processing and payment of invoices and expense reports.

Pricing Structure for Accounts Payable Services:

Genuity shall pay GTE at the rate of \$3.05 (three dollars and five cents) per voucher or expense report for the first 250,000 vouchers and expense reports processed in the 12-month period following the effective date of this Statement of Work. During this 12-month period, vouchers and expense reports exceeding 250,000 and up to 500,000, shall be charged at the rate of \$1.80 each (one dollar and eighty cents). If the annual volume exceeds 500,000, a revised charge per voucher shall be negotiated by GTE and Genuity. If no agreement can be reached, GTE shall not be required to process vouchers in excess of 500,000 per year.

Changes or requests that necessitate the use of manual efforts instead of current system processes, or up-front meetings, conference calls, training, consulting, or other similar services

to be billed at the rate of \$25.00 (twenty-five dollars) per hour, plus any travel related costs if appropriate.

Any system cost increases attributable to Genuity, imposed by third party vendors due to systems changes desired by Genuity such as license or user fees, programming fees or maintenance fees, shall be paid by Genuity.

Programming/system work for new requirements or changes in systems to be billed separately.

PAYROLL SERVICES

As requested, and at the direction of Genuity, GTE will provide the following payroll services:

1. Printing and distribution of payroll checks and advices.
2. Manual checks provided as required.
3. Calculate payment to employees based on a standard 40/80 hours each pay-period.
4. Process exception time reported (overtime, shift hours and differential, on call hours and other work hours). Submission of exception information, via the time entry system or by direct feed from the Employee Time Reporting ("ETR") system into The system, is the responsibility of Genuity. Submission between any other electronic file format or means must be previously agreed to by Genuity and GTE.
5. Process direct deposits.
6. Process payroll taxes, including Federal, State and Local.
7. Process employee deductions sent to the payroll center for inclusion in employee master file. Any change to existing benefits or third party vendors, or not flowing this information through the Quincy Processing Center in the same manner as is done as of the date hereof, will require programming and processing changes. These deductions include:
 - Bond deductions
 - Union dues
 - Health Clubs
 - Garnishments, Child support, Bankruptcy, IRS Levy deductions, and other such deductions
 - United Way deductions
 - Savings and Investment deductions (401K) from Fidelity
 - FRP Plans – from Hewitt
 - Insurance deductions – from Hewitt/KVI/MetLife
 - Other miscellaneous deductions
8. Process all additional earnings as transmitted to payroll center for payment and recording in employee earnings. Any change of outside vendors providing this information or not transmitting this information through the Quincy Processing Center in the same manner as is done as of the date hereof will require programming and processing changes. These items include:

- Awards
 - Discretionary Bonus
 - Incentive Compensation payments
 - Sales Incentives
 - Retroactive payments
 - Choices earnings – from Hewitt
 - High Housing cost allowances
 - Cost of Living adjustments
 - Field Premiums
 - Site Allowances
 - Per Diem
 - Sign on Bonus
 - Option exercise earnings from Smith Barney
 - Imputed Income
 - Tuition aid
 - Military pay/jury duty
 - Other, as required
9. Process Credit Union or Bank additions/changes/deletions.
 10. Process any termination pay, including vacation, retirement pay or other termination pay.
 11. Process vehicle allowance or usage for personal or company owned vehicles.
 12. Process tax gross-ups when required.
 13. Maintain earnings and deduction codes tables.
 14. Payment of employee deductions to appropriate vendors via check request to Accounts Payable. If A/P is not used by Genuity, programming and processing changes will be required.
 15. Process W-4s submitted by employees to payroll center.
 16. Provide all W-2 reporting requirements.
 17. Maintain check distribution codes.
 18. Reconcile payroll accounts.
 19. Transmit journal entry file per established schedule on system web page, to Genuity monthly to update its General Ledger.
 20. Process employee master file updates into payroll system when received from HR system.
 21. Continue to provide current system generated payroll reports. Assist Genuity employees in determining RAMIS system report requirements.

22. An employee rate file will be transmitted daily (or as required) back to Genuity with adds/changes/deletes of employee rates for use in Genuity cost systems.
23. Retain all data as required by law that supports normally required tax and regulatory obligations.
24. Transmit journal entry file to Genuity biweekly for 401(k) employee match to update Genuity's general ledger.
25. Reconcile all payroll interface and outface files.
26. Reconcile/provide summary funding report as required for treasury on Wednesday of pay-week.
27. Provide appropriate system access to Genuity payroll personnel consistent with access as of the date hereof. (Additional access requirements will need to be coordinated with, and approved by HR/PR and system security.)
28. Provide unemployment services with Gates MacDonald and keep rates updated in payroll system. (A vendor change will require programming and process changes.)
29. Provide employment verification and mortgage verification via TALX system. (Assumes Genuity contracts with TALX for this service. Changing the vendor will require programming and processing changes.)

GTE will provide the following metrics to Genuity with respect to payroll services:

1. Number of employees supported – based on average number of employees per pay period each month in a format to be mutually agreed upon by the parties.
2. Number of manual checks each month to Genuity employees
 - Number of checks
 - Reason for manual checks (i.e. legal requirements, payroll error, time release issue, other reasons.)
3. General Ledger account reconciliations prepared monthly by the 15th day of the second month following month end. (i.e. by August 15 for the month of June)

Genuity's Responsibilities with respect to Payroll Services

Genuity is responsible for providing all information and data required for GTE to perform its duties hereunder including, but not limited to, all employee information, changes, pay information and other information through The human resource systems (including benefit providers).

Pricing Structure with respect to Payroll Services

Genuity shall pay GTE at a rate of \$10.72 (ten dollars and seventy-two cents) per employee supported per month. All manual checks that are not the result of legal requirements or payroll error are to be billed at the rate of \$20.00 (twenty dollars) per check for the first 50 manual checks each month, \$25.00 (twenty-five dollars) per check for the next 100 manual checks each month, and \$30.00 (thirty dollars) per check for all manual checks for the month exceeding 150, plus shipping and handling.

Changes or requests that necessitate the use of manual efforts instead of system processes in effect as of the date hereof, or up-front meetings, conference calls, testing, training or consulting to be billed at the rate of \$25.00 (twenty-five dollars) per hour, plus any travel related costs if appropriate.

Any system cost increases attributable to Genuity, imposed by third party vendors due to systems changes desired by Genuity such as license or user fees, programming fees or maintenance fees, shall be paid by Genuity.

Programming/system work for new requirements or changes in systems to be billed separately.

CASH PROCESSING SERVICES

As requested, and at the direction and under the policies developed and provided by Genuity, GTE will provide the following administrative cash processing services:

1. Funding and Liquidity:

- Support and assist with bank selection process and negotiation of terms and conditions of bank facilities.

2. Daily Cash Processing:

- Electronically poll banks to obtain balance and transaction data and report same to Genuity
- Concentrate cash flows from all sources pursuant to Genuity's instructions
- Transmit payment of all obligations via wire, ACH, EDI (including funding payroll and accounts payable) authorized by Genuity
- Administer short-term borrowing/investing activities pursuant to Genuity's policies and directions
- Provide efficient treasury management workstation which integrates and facilitates daily cash management and related accounting services/activities
- Provide cash activity research, as requested
- Provide supporting information and documentation to Genuity

3. Cash Accounting and Reporting:

- Balance, journalize and upload:
 - Receipts, disbursement transactions
 - Temporary cash investments
 - Short-term debt transactions

- Long-term debt transactions
- Accruals, as necessary, related to the above
- Provide supporting information and documentation to Genuity
- Process transactions and maintain/provide documentation for payable and receivable transactions between and among Genuity subsidiaries and affiliated companies

4. Bank Account Maintenance and Administration

- Provide routine bank account maintenance pursuant to Genuity banking resolutions, policies and direction:
 - Open/close accounts
 - Maintain accurate authorized signatory records and resolutions
 - Ensure Genuity-directed internal controls are carried out
 - Monitor efficiency of bank account structure and recommend changes for Genuity consideration, as needed

5. Foreign Currency Exchange Transactions

- Maintain mechanized system for spot transactions under \$250,000
- Execute foreign exchange, futures, and options transactions
- Prepare foreign exchange drafts and initiate wires

6. International Project Finance

- Consult/advise on alternative sources of financing (OPIC, Exim, World Bank, and others)
- Provide support and assistance in executing international financing strategies

Genuity Responsibilities with respect to Cash Processing Services

Genuity shall be responsible for providing instructions, policies, guidelines, and board resolutions where applicable, and for selecting and maintaining banking relationships such that GTE can perform its duties hereunder.

Pricing Structure with respect to Cash Processing Services

Genuity shall pay GTE a one-time initial set-up fee of \$11,000 (eleven thousand dollars).

Genuity shall pay GTE an annual fee of \$265,000 (two hundred sixty-five thousand dollars) payable in monthly installments in arrears, for provision of the Cash Processing Services described above in items 1-5 for the 12 month period following the effective date of this Statement of Work.

Genuity shall pay any and all bank fees incurred by GTE on behalf of Genuity in the course of delivering Services under this Statement of Work.

Genuity shall pay the following hourly rate for any Cash Processing Services outside the scope of items 1-6 described above, including but not limited to consulting or vendor transition services provided in the event Genuity elects to utilize an alternative vendor at a later time: \$65.00 (sixty-five dollars) per hour.

Genuity shall pay the following hourly rate for Services under 6 above (International Project Finance): \$100.00 (one hundred dollars) per hour.

Any system cost increases attributable to Genuity, imposed by third party vendors due to systems changes desired by Genuity such as license or user fees, programming fees or maintenance fees, shall be paid by Genuity.

ASSET ACCOUNTING SERVICES

GTE will provide the following asset accounting services for Genuity through its Fixed Asset Shared Service Center:

Processes

1. Create asset detail records (monthly settlement procedures)
 - Account for (settle) labor, material and overhead costs in accordance with settlement rules created by Genuity.
 - Account for (settle) final assets, via manual or mechanical process for labor and materials costs, from internal orders and work breakdown structures ("WBS's") - Triggering of the settlement process will be based upon one of the following:
 - Technical close of an internal order ("IO") or WBS by Genuity
 - Settlement rules established by Genuity
 - Review of monthly "blanket" IO's and WBS's as identified by Genuity
 - Receipt of summary information via TIMS system
 - Receipt of notification of acceptance of Qwest Fiber segment
 - Account for (settle) capital dollars relating to assets under construction during the month end close as directed by Genuity.
2. Process transfers between locations, cost centers, and intra-legal entity company codes based upon input through the plant maintenance module and manual forms submitted by Genuity. Maintain documentation demonstrating support for the transfer of assets to Genuity defined standards.
3. Calculate interest during construction amounts based upon Genuity policies and procedures, and place amounts into service based upon Genuity notification, or other established process.
4. Process affiliate transfers (between Genuity legal entities) based upon information from Genuity. Maintain documentation demonstrating support for the transfer of assets to Genuity defined standards.
5. Process retirements of assets based upon information supplied by Genuity. Maintain documentation supporting the retirement of assets to Genuity defined standards.
6. Record proceeds from the sale of assets, based upon cash receipts information booked by Genuity.

7. Generate depreciation expense monthly according to the Genuity established calendar, including:
 - Running system depreciation program
 - Addressing any errors and posting to the general ledger
 - Reconciling and resolving any sub-ledger to general ledger discrepancies
8. Perform year-end rollover processes.

Data Maintenance

1. Maintain and update location code information as required by Genuity.
2. Maintain adequate data to support internal and external audit requests along with tax and insurance requirements, in accordance with Genuity policies and procedures.

Reporting

1. Ensure access to monthly activity reports including asset history sheets with acquisition, transfer, retirement and depreciation information.
2. Ensure access to month end asset detail positions.
3. Support ad-hoc reporting requests from Genuity.
4. Provide required reporting for year-end tax processes plus required property tax and insurance reporting, as defined by the Genuity tax and insurance groups.
5. Provide reconciliations of all asset accounting tracked accounts and procedures (i.e., interest during construction) monthly by the 15th of the month.

Ad-hoc Services

1. Maintain lease term schedule for leasehold information based upon information from the facilities group.
2. Support capital lease related requirements for tracking and reporting.
3. Support revaluations of assets and other like special projects as required by Genuity.
4. Supply supporting documentation as maintained.
5. Work with the system development team to implement any Genuity or GTE desired upgrades or enhancements involving the system fixed asset module.
6. Support audit requests (including interface with other shared service centers ("SSC's") for external and internal audit groups, including system and process reviews, and sample detail testing in accordance with pre-defined schedules.

Service Level Standards

1. All assets under construction ("AUC") amounts that are triggered (under Processes-first section above) for transfer to final assets by the 15th of the month are expected to be depreciable assets for the given month end close. Any items not processed are to be reported through a backlog tracking process.
2. Asset records will be created to the level of detail procedurally defined by Genuity.
3. Transfers, retirements, sales and affiliate transactions are transmitted to the SSC by the 15th of the month and are expected to be booked prior to the given month end close.
4. Location database updates will be provided on a 24-hour turnaround.
5. A depreciation roll-forward is expected for each month by the 3rd business day after the posting of depreciation. This roll-forward should document the change in depreciation by company code broken out by the impact of additions, fully depreciated assets, and retirements.
6. Support document retrieval for records on transfers, affiliate sales, and retirements will be provided on a 48-hour turn-around basis.

Pricing Structure with respect to Asset Accounting Services:

Genuity shall pay GTE a monthly fee of \$42,000 for the Services described herein.

Changes or requests that necessitate the use of manual efforts instead of current system processes, or up-front meetings, conference calls, training, consulting, or other similar services to be billed at the rate of \$25.00 (twenty-five dollars) per hour, plus any travel related costs if appropriate.

Any system cost increases attributable to Genuity, imposed by third party vendors due to systems changes desired by Genuity such as license or user fees, programming fees or maintenance fees, shall be paid by Genuity.

GTE SERVICE CORPORATION

GENUITY SOLUTIONS INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit A



Microsoft Excel
Worksheet

Note: The sheets included in the Excel worksheet file referenced above are attached to this document immediately following this page.

STATEMENT OF WORK

HUMAN RESOURCES SERVICES

This Statement of Work ("SOW") is appended to the agreement dated _____, 2000, by and between Genuity Solutions Inc. ("Genuity") and GTE Service Corporation ("GTE") and shall be governed by the terms and conditions thereof. The services described herein shall be provided by GTE to Genuity for a period of three months beginning on the date of the agreement.

SUMMARY:

GTE administers human resources matters in an efficient and centralized manner and wishes to make this administrative expertise available to Genuity so that employees experience an orderly transition from GTE to Genuity. Similarly, Genuity wishes to retain access to certain aspects of GTE's human resources administrative expertise until such time as Genuity can develop its own expertise in this area. Accordingly, GTE and Genuity are entering into this SOW, which will govern the parties' relationship with respect to various human resources matters, including employee benefits services, general human resources administrative services, employee data warehousing, development of a company intranet, health and welfare benefits funding matters, and development of a benefits delivery system. By its terms, this SOW will govern the parties relationship in this regard for a period of three months from the date of the agreement between GTE and Genuity. However, it is anticipated that this SOW will be extended through December 31, 2000. ~~This Statement of Work may not be further renewed.~~ Under the terms of this SOW, GTE shall have no role in hiring or terminating Genuity employees.

EMPLOYEE BENEFITS SERVICES:

For the purposes of this document, "Employee Benefits Plans" is comprised of, and limited to the following: CHOICES health, dental, disability, FRP, HMO, DHMO, Life Insurance, AD&D, prescription, vision, adoption assistance, personal lines of insurance, survivor support programs and long term care.

~~1. Provide vendor management assistance to Genuity on an as needed basis.~~

~~Act as liaison between G e n u i t y and its various employee benefit plan vendors.~~

~~Monitor non-ERISA clai m s made to vendors under health and welfare benefit plans.~~

~~Monitor vendor perform a n c e.~~

2.1. Provide assistance to Genuity on an as needed basis in performing various administrative functions under employee benefit plans.

- Consult with Genuity on administrative interpretations of employee benefit plan provisions.
- Provide Genuity with information regarding historical practices with regard to employee benefit plan administration.

~~Assist Genuity in developing administrative practices for its employee benefit plans.~~

~~Oversee annual enrollment processes and other administrative responsibilities for Genuity employee benefit plans.~~

Note: The above benefits-related information is not accessible via a GTE web site.

Genuity's Responsibilities with respect to Employee Benefits Services

Genuity understands and agrees that any involvement by GTE with Genuity's employee benefit plans will be in an advisory or consultative capacity and not in a fiduciary capacity. This includes, but is not limited to the Claims and Appeals processes. As between GTE and Genuity, all fiduciary responsibility and accountability remains at all times with Genuity.

Genuity will act as the point of contact with all vendors for any matter relating to fiduciary and plan design issues, with GTE acting merely in an advisory or consultative capacity. GTE will act as the point of contact with all vendors for all other issues.

Genuity shall provide all information/instruction regarding its employees, employee benefit plans, and vendors as GTE may require to fulfill its obligations.

Genuity agrees to provide a quarterly report of all former GTE employees that terminate or retire from Genuity. This information should be provided to the Director, Executive Compensation Administration and Director, Benefits Administration. This information will be used to ensure these employees receive any appropriate GTE benefits as a result of their prior GTE service.

Pricing Structure for Employees Benefits Services

GTE COSTS:

Genuity shall pay GTE at a rate of \$5,400 per month, plus any travel expenses incurred.

Programming or system work for any employee benefits administrative services to be billed separately at a rate to be mutually agreed upon.

Genuity will pay GTE actual costs incurred resulting from any GTE system modifications for Genuity-specific administrative or plan design changes.

EXTERNAL VENDOR COSTS:

Genuity will pay GTE's costs for any increased vendor charges (directly to the vendor, unless otherwise specified) associated with Genuity-specific administrative or plan design changes. Additionally, Genuity will be invoiced separately for regular, ongoing administrative services provided by vendor, for the exclusive benefit of Genuity.

OTHER HUMAN RESOURCES ADMINISTRATIVE SERVICES

1. Provide assistance to Genuity on an as needed basis in accomplishing various other administrative human resources services including:
 - Training Administration: training registration and scheduling, shipment of training materials and other miscellaneous support for Genuity employees on an as-needed basis;
 - Educational Assistance Administration;

~~Employment Verification : To include employment verification via external vendor (TALX). Requests for employment verification outside of vendor capabilities will be directed to Genuity;~~

- Relocation Services Administration; and

~~International Human Resources Administration;~~

~~Provide vendor management assistance to Genuity on an as needed basis for the above services;~~

~~GTE will monitor vendor performance and act as an intermediary between Genuity and the various vendors who provide the services listed above; and~~

- Although no other specific services will be provided by GTE in the areas of Employee Services Operations or Support, other than those specifically described herein, it is anticipated that some amount of transition support, as well various technical support will be required by Genuity on an as needed basis.

Pricing Structure:

Genuity will pay actual vendor costs incurred for the delivery of these services and will pay GTE's costs for any increased vendor charges (directly to the vendor, unless otherwise specified) associated with Genuity-specific administrative or plan design changes.

For Training Administration Services, Genuity shall pay GTE at a rate of \$25.00 per hour, plus any travel expenses incurred, to be invoiced monthly.

For Employee Services Operations/Support transitional and/or technical support, Genuity shall pay GTE at a rate of \$40.00 per hour, plus any travel expenses incurred, to be invoiced monthly.

Programming or system work for any administrative services to be billed separately at a rate to be mutually agreed upon.

Genuity will be billed separately for actual costs incurred by GTE for any GTE system modifications for Genuity-specific administrative or program design changes.

2. Provide support in the area of Workforce Development, specifically related to providing non-strategic course development and delivery on an as-needed basis

Pricing Structure:

Genuity shall pay GTE the following rates on an as needed basis:

Programming or system work for any administrative services to be billed separately at a rate to be mutually agreed upon.

	Price Per Student Hour
Sales & Marketing Delivery	\$ 40
MMDP (Marketing Mgmt Development Program) Delivery	\$ 46
Technical Delivery	\$ 15
IT Training	\$ 37
Management Delivery	\$ 30

Curriculum Maint. & Development (\$/curriculum developer hour)	\$ 85
(Represents average cost and is subject to adjustment based on project)	

Alternative Delivery License Fees	Annual Cost
SkillSoft	\$ 71,625
NETg/Smartforce/Other	\$ 262,259

Leadership Development	Per Session
LDW LD Workshop (1 day)	\$ 14,888
LDM LD for Management (3 days)	\$ 56,107
LDC LD for Coaches & Individual Contributors (2 days)	\$ 20,523
LDS LD for Senior Executives (2 days)	\$ 50,512

Genuity will be billed separately for actual costs incurred by GTE for any GTE system modifications for Genuity-specific administrative or program design changes or software changes.

3. Employee Opinion Survey (Viewpoints)

- Conduct Employee Opinion Surveys on behalf of Genuity utilizing current process and program.
- Genuity will be administered as part of the main Viewpoints study.

- Includes monthly distribution and reporting (approximately 300 per month, 3,600 annually)

Pricing Structure:

Genuity shall pay GTE as follows:

	DUE	COST
Initial set-up costs including questionnaire and Internet Survey revisions	One Time	\$1,000
Basic Study Costs	Monthly	\$1,200
Printing, paper, communication, promotion	Monthly	\$ 150
TOTAL		One Time: \$1,000 Ongoing/monthly: \$1,350

Programming or system work for any employee opinion survey services to be billed separately at a rate to be mutually agreed upon.

Genuity will be billed separately for actual costs incurred by GTE for any GTE system modifications for Genuity-specific administrative or program design changes or software changes.

Genuity's Responsibilities with respect to Other Human Resources Administrative Services

Genuity understands and agrees that any involvement by GTE with Genuity's other Human Resources Administrative Services will be in an advisory or consultative capacity and not in a fiduciary capacity. As between GTE and Genuity, all fiduciary responsibility and accountability remains at all times with Genuity.

Genuity will act as the point of contact with all vendors for any matter relating to fiduciary and plan design issues, with GTE acting merely in an advisory or consultative capacity. GTE will act as the point of contact with all vendors for all other issues.

EMPLOYEE DATA WAREHOUSE DEVELOPMENT AND SUPPORT:

1. Develop Employee Data Warehouse logical view for Genuity Employees.
 - Data will be a subset of GTE Employee Data Warehouse data elements
 - Data will initially consist of SAP current and chronological history only

- The data will be a direct extract from source systems and will have minimal cleanup
 - Connectivity via ODBC will be provided to Genuity who will be responsible for their own reporting tools
2. Maintain Employee Data Warehouse View for Genuity and provide Help Desk support on an as needed basis.
- Provide regular feeds to Genuity Employee Data Warehouse View from SAP
 - Make minor changes to view data elements and structure
 - Maintain security profiles and provide access to the Employee Data Warehouse
 - Provide first level help desk support for questions on connectivity
 - Provide option to Genuity to incorporate new data elements and functionality in their Employee Data Warehouse view if and when they do become available in the GTE Employee Data Warehouse. The cost will be negotiated separately.
 - Cost does not include training which will be negotiated separately.

Pricing Structure for Employee Data Warehouse Development and Support:

The pricing quoted below takes into account the work involved in providing the following services:

Development

Obtain and map required data elements
Create logical data view
Provide load balancing
Test logical data view
User Acceptance Testing (UAT)
Assign security profiles and give users access to view
Provide ODBC connectivity

Annual Support

First level help desk for questions on connectivity
Periodic refresh of view (Periodicity TBD)
Backup and Recovery support
Add new authorized user to view
Add new security profiles

Item	Cost Category	Total Price
• Annual Support Costs (\$3,383/month)	RECURRING (ANNUAL)	\$40,590
• Development	ONE TIME	\$16,667
• Total Price – first year		\$57,257

Genuity will pay an additional amount to be negotiated separately if it needs any data element not in the current GTE Employee Data Warehouse or additional functionality not outlined in the current document.

HR.GTE.COM:

For the purposes of this document, "HR.GTE.COM" is comprised of, and limited to the following: Intranet Website shell with design, navigation, and Icons, for page levels zero and one.

Assumptions:

1. No outface links will be provided under this SOW.
2. No specific content will be included under this SOW. Note: All hr.gte.com content is deemed to be GTE proprietary and will not be covered by this SOW.
3. This SOW includes a one –time copy of existing homepage and level one page structures only.
4. Education & Training and Career Development and Training (CDAT) content and functionality are not covered under this SOW. This can be explored with and provided by Jim Roach.
5. No other specific services will be provided by GTE in the areas of HR.GTE.COM Operations or Support.

Pricing Structure for HR.GTE.COM:

GTE Prices: All prices associated with this SOW are based on the number of hours to create and deliver a shell version of hr.gte.com.

Pricing Structure: Genuity shall pay the following one-time costs:

Item	Cost Category	Total Price
<ul style="list-style-type: none">• Initial Setup Level Zero through One pages of hr.gte.com production site• Place shell on separate environment and quality assure product• Package product for shipment	ONE TIME	\$2,837
<ul style="list-style-type: none">• Total Price		\$2,837

HEALTH & WELFARE FUNDING SERVICES:

1. Provide administrative support to Genuity for employee Benefit Finance Information System (BFIS).
 - Input continually updated enrollment information into BFIS.
 - Calculate monthly premiums to be paid to trust/custodial account.
 - Calculate amounts paid by trust/custodial account to vendors.
 - Monitor claims paid by custodial account to self-insured vendors and report activity to Genuity.
 - Advise self-insured vendors of administrative expense amounts generated by the self-bill process.

- Maintain BFIS internal tables consistent with Genuity plan design.
- Provide management reports to maintain health care plan performance.
- Provide report of year-end claims outstanding.

~~2. Provide assistance to Genuity in vendor management and procurement.~~

~~Provide additional review of performance reports and recommend alternative corrective actions.~~

~~Negotiate proposals on behalf of Genuity for national self-insured contracts (to provide Genuity with the benefit of volume pricing under GTE's umbrella).~~

3.2. Provide administrative support to Genuity with regard to its health and welfare trust or custodial account.

- Calculate monthly payments to and from trust/custodian.
- Execute payments from trust/custodian.
- Reconcile trust activity between Genuity and the trustee/custodian.

4.3. Provide Genuity with benefit accounting guidance, cost analysis, and funding strategies.

- Estimate annual cost and funding based on plan design and past experience (to be used for budget and strategic plan projections).
- Estimate annual cash commitments.

5.4. Provide Genuity with financial analysis for employee benefit plan financial analysis.

- Provide historical data from BFIS database to support benefit plan financial analysis.

6.5. Oversee the completion of annual governmental reporting obligations.

- Prepare Form 5500 (Annual Report) for all ERISA-governed employee benefit plans required to file Form 5500 each year.
- Prepare Summary Annual Reports (SARs) as required.
- Prepare Form 990 as required.

Genuity's Responsibilities with respect to Health & Welfare Funding Services

Genuity understands and agrees that any involvement by GTE with Genuity's employee benefit plans will be in an advisory or consultative capacity and not in a fiduciary capacity. As between GTE and Genuity, all fiduciary responsibility and accountability remains at all times with Genuity.

Genuity shall provide all information/instruction regarding its employees, employee benefit plans, and vendors as GTE may require to fulfill its obligations.

Genuity understands and agrees that any proposed changes to plan design or vendor choice must be compatible with BFIS.

Pricing Structure for Health & Welfare Funding Services

Item	Cost Category	Amount
• Health & Welfare Benefits Funding Annual Charge	RECURRING	\$40,500
• Initial Set Up Costs to Establish Genuity as a Separate Entity	ONE TIME	\$20,500
• Total		\$61,000

Genuity will pay an additional amount to be negotiated separately if GTE cannot use BFIS to complete its obligations or if any third parties do not continue to perform their current duties or if additional vendor charges (e.g., software usage) are imposed upon GTE.

QUINCY PROCESSING CENTER – BENEFITS DELIVERY SYSTEM

For the purposes of this SOW, Benefits Delivery System represents the system that interfaces with the GTE Payroll systems and the benefit plan vendors as listed below.

SERVICES

1. Reconcile and control interfaces from GTE SAP Payroll system
2. Authorize funds transfers to benefit vendors.
3. Edit and post data to the Benefits Delivery System Data Base.
4. Process manual payments and adjustments.
5. Create outfaces to vendors based on their specific data requirements, file formats, and timing requirements.

Fidelity Investments

KVI

MetLife

Smith Barney

Federal & State Political Action Committee (PAC)

Hewitt Associates

AYCO

TALX

CORE

Cendant

Arthur Andersen

Ecor

Other vendors to be mutually agreed upon

6. Receive and process interface from vendors to GTE Payrolls.

ASSUMPTIONS

- There will be no physical separation of data on the QPC Benefits Delivery System (BDS).
- Assume no vendor changes.
- Assume that Flexible Benefit dollars (GUL, PLP/LTC, FRP, PAC) for Genuity can be co-mingled with GTE Flex Ben \$ on one interface to the vendors. If a separate interface is required to vendors for Genuity information and dollars, then a new development SOW would be required.
- Assume a separate reconciliation for Genuity.
- Assume that the QPC may potentially submit subsequent SOWs as details of the Genuity benefits become more defined. At that time, we will evaluate what additional time and costs will be necessary in order to provide the agreed upon services.

Pricing:

Item	Cost Category	Total Price
• Benefit Delivery System Operations (\$88,883/month)	RECURRING	\$1,066,594
• Total Price (Annual)		\$1,066,594

QUINCY PROCESSING CENTER: PENSTAR INTERFACE SYSTEM (INTERFACE TO GTE'S PENSION CALCULATION SYSTEM AT HEWITT)

SERVICES:

None

ASSUMPTIONS

The QPC will not track hours and earnings for the Genuity employees. Hewitt will flag the employees that are due future GTE Pensions.

COSTS

None

QUINCY PROCESSING CENTER - PENSION PAYROLL SYSTEM:

Services

None

ASSUMPTIONS

No retirees transfer to Genuity and there are no new retirees.

COSTS

None

GENERAL ASSUMPTIONS

General SOW Assumptions/Provisions for Employee Data Warehouse Development and Support, HR.GTE.COM, Quincy Processing Center—Benefits Delivery System, Quincy Processing Center: Penstar Interface System (Interface To Gte's Pension Calculation System At Hewitt), and Quincy Processing Center—Pension Payroll System:

1. The HR/Payroll tasks are outlined in several SOWs. HR Technology and Information Services tasks in support of non-SAP systems are outlined within this SOW. HR Technology and Information Services tasks in support of the SAP System are covered under the SAP SOW. Payroll Service Center (PSC) tasks are outlined in Finance Functional SOW.
2. The HR SOWs assume that all services performed for Genuity will continue in a similar manner as performed today unless otherwise noted. Only those tasks outlined within this SOW shall be performed. Any tasks not outlined within this SOW would require a contractual direction from the GTE Account Manager.
3. (GTE Account Manager) is the Genuity point of contact for all contractual matters related to this SOW. Any requests for any changes to tasks or new functionality should be forwarded in writing to (GTE Account Manager).
4. The estimates outlined in this SOW assume support for 3,800 Genuity employees. If this number increases, the resources assigned to support Genuity would need to be reassessed.
5. It is expected that there will be several changes to the work outlined within these SOWs over the next several weeks as benefit plans and other specific Genuity processes become finalized. A key point to remember is that these types of changes cannot be implemented overnight.
6. Maintenance tasks within this SOW are for minor Business As Usual (BAU) tasks in support of production. If there are any BAU changes/modifications beyond minor maintenance, such as mass re-organizations, benefit plan changes, new functionality, etc., these changes/modifications will be incorporated into a new development SOW. Specific tasks, prices and schedules would be developed for the agreed upon SOW.
7. Genuity agrees to review HR audit reports and act upon any errors identified in a timely manner to ensure data integrity within the system and with downstream vendors.
8. Upgrades/Enhancements: For any systems where a common development environment exists, e.g., SAP, Employee Data Warehouse (EDW), Quincy Processing Center (QPC) systems, agrees to abide by the standards, changes, upgrades, and enhancements that have been, or will be, developed and

implemented across the environment. A proportion of the on-going development tasks will be apportioned to Genuity in the same manner as production costs as allocated. Examples include Employee Self Service (ESS) enhancements, Manager's Desktop, On-line Org Charts. Genuity will participate in a user forum to assist in prioritizing these enhancements.

Should Genuity desire to not abide by, and share appropriate costs for, the baseline system configuration and associated upgrades and enhancements, a completely separate physical environment for Genuity would be warranted. GTE would be pleased to develop a technical and cost proposal for such work at the request of Genuity.

9. This SOW highlights both production tasks and one-time development tasks that must also be performed to set up or establish the systems environment for Genuity.

GTE SERVICE CORPORATION

By: _____

Title: _____

GENUITY SOLUTIONS INC.

By: _____

Title: _____